World Bank opinion about RBI's new Credit Policy

923. SHRI SUSHILKUMAR SAMBHAJIRAO SHINDE :
SHRIMATI VEENA VERMA :
SHRI MURLIDHAR CHANDRAKANT BHANDARE :

Will the Minister of FINANCE be pleased to state :

(a) Whether it is a fact that World Bank in its recent review of RBI's new credit policy, expressed disappointment over the slow pace of reduction of the Statutory Liquidity Ratio in the context of the recent reduction of SLR for commercial Banks from 37.75 per cent;

(b) if so, what precise factors this disappointment was attributable to; and

(c) what was Government's reaction thereto ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED) : (a) No, Sir.

(b) and (c) Does not arise.

PHDCCI's request to review the Budget Proposal

924. SHRI GHUFRAN AZAM : Will the Minister of FINANCE be pleased to state :

(a) whether the recent budget proposals have severely affected the small scale units in the country;

(b) if so, whether the PHDCCI have urged Government to save the small scale units in the country by reviewing the budget proposals; and

(c) if so, what is the reaction of Government thereto ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY) : (a) The general scheme of excise duty concession to small scale units was modified in the budget for the year 1993-94 so as to, interalia, provide for enhancement of exemption limit from Rs. 20 lakhs to Rs. 30 lakhs for units producing goods falling under one chapter of tariff, increase in exemption limit for unregistered units from Rs. 7.5 lakhs to Rs. 10 lakhs. Duty concession for clearances above Rs. 50 lakhs and upto Rs. 75 lakhs was reduced by 5 percentage points. These changes are not affecting a large number of units in the lower segment of the small scale sector. Units with clearances above Rs. 50 lakhs and upto Rs. 75 lakhs are very marginally affected.

(b) The PHDCCI have represented for restoring the higher notional credit and for enhancing the limit of full exemption as well as concessional rate of duty, namely, Rs. 30 lakhs, Rs. 50 lakhs and Rs. 75 lakhs to a higher level.

(c) The Government have examined their suggestion and it has not been found possible to accede to their request at present.

Increase in payment of Foreign Debt

925. SHRI GURUDAS DAS GUPTA :
SHRI CHATURANAN MISHRA :

Will the Minister of FINANCE be pleased to state :

(a) whether it is a fact that the rupee equivalent of the foreign debt and the interest payments has increased due to the devaluation and the recent changes in the exchanged rate; and

(b) if so, to what extent the increase has taken place ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED) : (a) and (b) The foreign debt liability is fixed mainly in foreign currency and is not directly affected by changes in exchange rate. As such, there has been no enhancement in the amount borrowed in respective foreign currencies as a result of the adjustments made in the exchange rate of rupee. The rupee equivalent of the debt has, however, gone up by about 21 to 23 per cent as a result of the July 1991 adjustments made in the exchange rate of rupee which would be further affected by the recent decision on full convertibility of the rupee.

926. [*Transferred to 10th May, 1993*]

Andhra Pradesh Government's request for exemption from paying guarantee fee

927. DR. NARREDY THULASI REDDY : Will the Minister of FINANCE be pleased to state :

(a) whether Government of Andhra Pradesh have requested for exemption of guarantee fee for the years prior to 1989-90 to the Deposit Insurance Credit Guarantee Corporation (DICGC) through commercial banks against Government guarantee issued by State Government for loans;

(b) if so, what are the details thereof; and

(c) what action has been taken in this regard ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED) : (a) Yes, Sir. Government of Andhra Pradesh had approached Reserve Bank of India (RBI) in September, 1992 for exemption in payment of guarantee fee to the Deposit Insurance and Credit Guarantee Corporation (DICGC) for the year 1989-90 in respect of advances made by banks to Andhra Pradesh State Housing Corporation.

(b) and (c) The DICGC had considered exclusion of certain categories of advances from the purview of the payment of guarantee fee from 1990-91 after an indepth examination of the financial viabilit yof the guarantee schemes. Taking into account all the relevant factors DICGC arrived at a considered judgement that the exclusion of such specified categories of advances from the purview of payment of guarantee fee be allowed for the year 1990-91 only. Further exclusion may be considered after reviewing the financial position of the Corporation. Accordingly similar exemptions were granted for the year 1991-92 and have now been placed on a permanent basis from the year 1992-93 onwards. It was, however, not found feasible to extend the benefit of exempted categories for payment of guarantee fee prior to 1990-91 taking into account the viability of the scheme. The collection of guarantee fee in the year 1989-90 has been made in respect of all Government guaranteed loans and not for the A. P. State Housing Corporation alone. RBI had communicated the above position to the State Government in October, 1992.

Lower figures of Budget Deficit

928. DR. NAUNIHAL SINGH : Will the Minister of FINANCE be pleased to state

(a) whether it is a fact that the difference between the revised estimates of budget deficit and the actual figure has never been so wide in the past as now;

(b) if so, what are the reasons therefor;

(c) whether it is a fact that the actual figures for budget deficit have always been lower than the revised estimates;